



## International Agricultural Trade Report

### Dairy Livestock & Poultry Trade Update

September 4, 2002

#### FY 2003 to See Recovery in Red Meat and Poultry Exports

##### Summary

The FY 2003 export forecast for DLP commodities is \$12.6 billion, up \$500 million or 4 percent from the August 2002 projection for exports in FY 2002. The improved outlook is due to modestly improved prospects for beef and pork and higher broiler meat exports.

**Red Meat:** Higher export volumes for beef and higher export unit values for pork and beef will support the export expansion in 2003. Strong demand in traditional U.S. markets in North America and Asia other than Japan is expected to propel this increase. U.S. beef exports to Korea have doubled in the past year and are expected to break new records in the coming year.

For FY 2002, beef and veal exports are forecast up \$67 million or 2 percent to \$2.6 billion from the May projection, and down 3 percent or \$79 million from FY 2001. Falling prices made U.S. beef more attractive on the world market. U.S. beef total export quantity is expected to remain steady year-to-year for North American and Korean markets, with improving exports to East Asia other than Japan. Beef variety meat exports are forecast to increase slightly from the May projection. FY 2002 pork exports are forecast virtually unchanged from the May forecast at \$1.3 billion and up marginally from the previous year. Pork exports to Japan are strong as consumers switched from beef to alternative meats following last year's BSE crisis in Japan. However, as of August 1, Japan has re-implemented the pork safeguard tariff. For the remainder of FY 2002 and into FY 2003, U.S. pork exports to Japan will be pressured as competition with other countries stiffens. Pork variety meat exports are forecast unchanged from the May projection.



**Poultry:** FY 2003 total poultry exports are projected to increase \$200 million to \$2.6 billion due to a 300,000-ton increase in export volume as U.S. access to the Russia poultry market are restored. Broiler prices are expected to move up slightly.

FY 2002 total poultry product exports are forecast at \$2.4 billion, down 6 percent from FY 2001. The decrease in poultry exports is attributed to the slower sales to Hong Kong and Japan and Russia's import restrictions of recent months. Broiler meat export value is forecast at \$1.5 billion, down 12 percent from FY 2001. Eggs and egg products export values for FY 2002 are also forecast to remain unchanged at \$200 million from the May projection and FY 2001 level.

**Dairy:** FY 2003 dairy exports are forecast to rise \$100 million to \$1.1 billion. FY 2002 dairy product exports are forecast down \$80 million from the May projection to \$1.0 billion. The economic slowdown in many major markets has restrained growth in import demand during most of 2002, but some resumption is expected in 2003. Demand for cheese and whey products is expected to slow in 2002 despite lower domestic prices. Exports of nonfat dry milk, mainly under DEIP, are forecast to stay at or near the reduced FY 2001 level.

**Hides and Skins:** The 2003 hides and skins projection remains unchanged from the downward revised 2002 forecast of \$1.8 billion. U.S. cattle hide shipments to the price-sensitive Chinese and South Korean markets should remain constrained due to relatively high prices for U.S. product. FY 2002 total hides and skins export value is forecast down \$75 million or 4 percent from the May forecast. Prices are projected to retreat from last year's higher level as the global supply has stabilized after fears of shortages caused by BSE and FMD concerns in Europe. Continued demand for whole cattle hides in the key markets of South Korea and China and increased exports to Taiwan are expected to maintain export volume this year.

**Lard, Tallow, and Grease:** The FY 2003 export forecast for the lard, tallow, and grease category is forecast at \$400 million, unchanged from the current FY 2002 forecast. The FY 2002 forecast was lowered 20 million from the May forecast as exports of edible and inedible tallow to markets other than Mexico have slowed.

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U.S. Exports for FY 2001 and Forecast for FY 2002 & 2003 Value (billion dollars)			
Exports	FY 2001	FY 2002 (Aug)	FY 2003 (Aug)
Total Beef	3.3	3.3	3.4
Total Pork	1.4	1.5	1.5
Poultry Products	2.5	2.4	2.6
Lard, Tallow, Grease	0.3	0.4	0.4
Dairy Products	1.1	1	1.1
Hides & Skins	1.9	1.8	1.8
Other	2.1	1.7	1.8
<b>Total</b>	<b>12.6</b>	<b>12.1</b>	<b>12.6</b>